

United States Foreign Aid in 1952

THE composition of United States Government foreign aid shifted during the course of 1952, with economic assistance declining and military aid rising. By the final quarter, military assistance was close to \$1 billion, and made up over two-thirds of the gross foreign aid.

Total gross aid of \$5.6 billion was 10 percent more than in the preceding year. For the entire year, military aid amounted to \$2½ billion—almost double the 1951 figure—and comprised 49 percent of all gross aid.

The reduction in economic assistance programed for the fiscal year beginning July 1951 was reflected in the actual aid provided in 1952. Gross economic assistance contracted to less than half a billion dollars in the December quarter; it totaled \$2.8 billion for the calendar year as a whole—one-fifth less than in 1951.

During the year Congress raised the required counterpart return for economic grants under the mutual-security program from 5 to 10 percent; in the last quarter, these counterpart collections showed a corresponding increase which reduced net economic aid. Another major factor in the decline of net economic assistance in 1952 was the larger repayments on postwar credits, several of which had terms deferring principal repayments until last year. Thus, in the last quarter of 1952, credit repayments exceeded credit utilizations by \$107 million.

Grants six-sevenths of total

Grants continued to dominate foreign aid last year despite the fact that credit utilizations doubled to comprise 15 percent of gross aid. As a result of the large credit repayments, net credit utilizations were \$400 million, or 8 percent of the annual net foreign aid. This 1952 net credit utilization raised to \$10.7 billion foreign indebtedness on loans and other credits made by the United States Government since the beginning of World War II. The United States Government collected \$204 million in interest on this indebtedness in 1952.

Most of the outstanding indebtedness was built up in the early postwar period. Credit utilization constituted 38 percent of the gross aid in the postwar period prior to the Communist invasion of the Republic of Korea.

Postwar aid \$41 billion

Gross foreign aid for the postwar period through 1952 totals \$41 billion, exclusive of the Government's investment of \$3.4 billion in the International Bank for Reconstruction and Development and the International Monetary Fund. Net foreign aid in the same 7½-year period totals nearly \$38 billion. At the present rate, net foreign aid since V-J Day will soon exceed the total of the 5-year war period.

Most of the foreign-aid programs of the United States Government were integrated into one mutual-security program in 1951. Through the latter program the United States Government now provides aid to other nations in the effort to improve their economic and military stability and security. Mutual-security-program foreign aid includes military and economic and technical assistance.

Mutual-security program

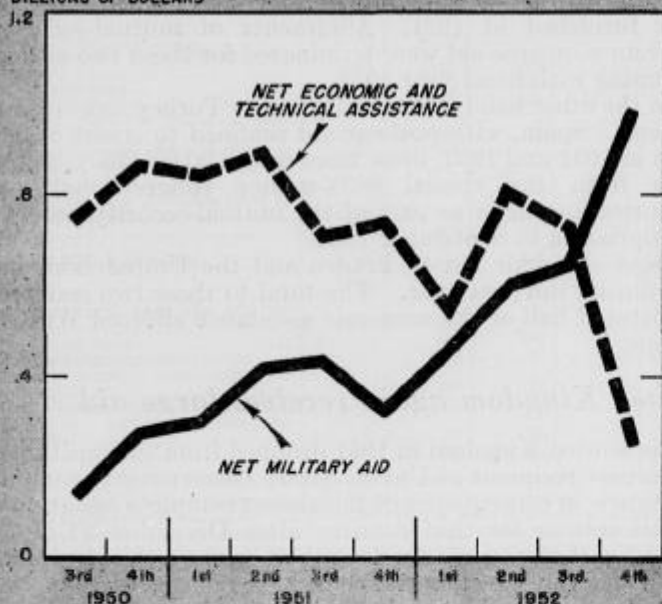
Aid furnished under the mutual-security program comprised 88 percent of gross foreign aid in 1952, in comparison with 86 percent in 1951 and 75 percent for comparable programs in 1950. Under the coordination of the Director for Mutual Security the nonmilitary or economic aid programs are operated for the most part by the Mutual Security Agency and by the Technical Cooperation Administration of the State Department. Military aid is provided by the Defense Department.

The significant portions of foreign economic aid not provided under the mutual-security program include the credits of the Export-Import Bank, which accounted for 9 percent

Net Foreign Aid

Increasing military aid exceeded economic assistance by the end of 1952

BILLIONS OF DOLLARS



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS 53-20

The emerging predominance of military aid is even more strikingly portrayed on the basis of net foreign aid, as can be seen in the accompanying chart. Net foreign aid, which takes into account the receipts by the United States Government of reverse grants and returns on grants, as well as the repayment of credits, was \$5 billion in 1952.

NOTE—MR. KERBER IS A MEMBER OF THE CLEARING OFFICE FOR FOREIGN TRANSACTIONS, OFFICE OF BUSINESS ECONOMICS.

of gross 1952 aid, and civilian-supply grants by the Army Department to Korea and the Ryukyu Islands.

Western Europe major beneficiary

In the last quarter of 1951, the European program for economic and technical assistance represented the largest individual component and comprised one-half of gross foreign aid. A sharp decline has since occurred in European economic aid. In 1952 this segment represented less than one-third of gross foreign aid. In the final quarter it was one-fifth.

Nevertheless, Western Europe continued in 1952 to be the largest beneficiary of United States Government foreign aid. It received mutual-security-program military aid totaling \$2½ billion in the year, double such aid in the preceding year. This total in the year 1952 was more than the aggregate of military grants to the area in the entire preceding 6½-year postwar period.

The doubling of military aid to the European countries participating in the North Atlantic Treaty Organization (NATO) more than offset the \$625-million decline in economic assistance to Western Europe in 1952. Gross foreign aid to the area amounted to \$4½ billion, up 14 percent.

Military aid strengthens allies

Military aid provided to European countries in 1952 included \$2,062 million representing shipment of actual military equipment, \$83 million in services (including military training) and \$34 million for the ocean freight of the material when carried on United States vessels.

During the past calendar year the United States Government also contributed \$73 million to NATO toward the cost of fixed facilities which are needed for effective defense and which are used jointly by the integrated combat forces under the NATO program. The United States is participating with Canada and eight other NATO nations in a multilateral financing of these common facilities.

The total for the first three annual construction programs amounts to \$739 million, of which the United States Government is to contribute \$288 million. In December 1952 the NATO Council voted to build \$230 million worth of the fourth annual program, and in February 1953 approval for this fourth program was increased to \$450 million. The United States contribution to the December authorization has been announced as \$92 million.

Aid fosters European integration

The United States programs for aid to Western Europe recognize the need to encourage and facilitate the mutual efforts of the European community to increase its defense and economic status by political federation, military integration, and economic unification. In the Mutual Security Act of 1952 the Congress specifically directed that the program should be administered to support these ends. During 1952 the High Authority for the European Coal and Steel Community, joining the coal and steel industries of six continental

nations, began operations. The treaty establishing the European Defense Community was signed in May 1952 and is pending ratification by the participating nations. Congress has authorized the provision of military aid directly to the European Defense Community.

The European Payments Union (EPU), by which members of the Organization for European Economic Cooperation engage in multilateral exchange clearance, received no direct assistance from the United States Government in 1952. In 1950 and 1951, payments of \$43 million and \$195 million, respectively, were made to EPU as part of mutual-security-program economic assistance. These funds constitute a contribution to the capital of EPU. Of the previous United States Government pledge to the capital fund, \$123 million was still available at the end of 1952. Although no additional capital contributions were made to EPU in 1952, over \$135 million was granted as United States Government economic aid to Austria, Greece, Iceland, Turkey, and the United Kingdom to assist these countries in meeting their obligations to EPU.

Country changes

Declines were effected in the economic aid furnished to most European countries in 1952. The decreases ranged from 23 percent for Yugoslavia to 84 percent for Denmark. The contraction in economic aid followed the general economic recovery throughout Europe. Gold and dollar resources of Western European countries (excluding Switzerland and the United Kingdom) rose from \$4½ billion to \$5½ billion during the year. Early in 1953 the Netherlands announced that it would not require any fiscal year 1953 allotments, in view of the improvement in its hard-currency position.

Ireland and Sweden received almost no aid at all in the last year, in contrast to the approximately \$25 million each had been furnished in 1951. Allotments of mutual-security-program economic aid were terminated for these two nations beginning with fiscal year 1952.

On the other hand, nonmilitary aid to Turkey increased 15 percent. Spain, with postwar aid confined to credit utilizations in 1951 and 1952, drew more in the latter year—principally from the special \$62½-million congressional loan authorization made as part of the mutual-security-program appropriation in September 1950.

Gross economic aid to France and the United Kingdom rose during the past year. The total to these two countries constituted half of the economic assistance afforded Western Europe.

United Kingdom again receives large aid

The United Kingdom in 1951 dropped from the position of the largest recipient of United States Government economic assistance, in consequence of the almost complete cessation of aid allocations for that country after December 31, 1950. However, that nation experienced an adverse shift in its net dollar and gold position in the last six months of 1951, sustaining a drain of over \$1½ billion upon its gold and dollar resources. During this period the United Kingdom sold \$950 million in gold to the United States.

Despite restrictions of dollar imports and other controls exercised by the British Commonwealth countries in the sterling area, continuing deterioration made necessary a

NOTE.—For a detailed description of aid furnished during the war period and the post-war period prior to the Korean invasion see the *Foreign Aid Supplement to the Survey of Current Business*, published November 1953. Available at \$1 from the Superintendent of Documents, Washington 25, D. C. or the various Department of Commerce Field Offices.

Table 1.—Summary of Foreign Aid (Grants and Credits), by Program: July 1, 1945, Through Dec. 31, 1952

(Millions of dollars)

Program	Total postwar period	Before Korean invasion	After Korean invasion											
			Total	July-December 1950	1951					1952				
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Gross foreign aid ¹	41,444	28,459	12,675	2,224	5,074	1,238	1,383	1,250	1,295	6,478	1,431	1,537	1,633	1,436
Grants utilized	30,247	18,524	11,423	2,021	4,645	1,114	1,237	1,145	1,095	4,756	885	1,291	1,215	1,245
Less: Credit-agreement offsets to grants	1,286	1,250												
Credits utilized	12,044	9,935	1,452	203	429	122	96	104	199	823	203	245	309	65
Less: Returns	3,423	2,178	1,243	217	462	143	84	117	148	574	90	137	148	139
Reverse grants and returns on grants	1,230	874	354	65	140	39	35	33	34	151	27	75	22	27
Principal collected on credits	2,101	1,304	587	182	312	64	49	64	114	423	63	62	125	172
Equals: Net foreign aid	37,612	25,981	11,431	2,006	4,632	1,123	1,299	1,133	1,065	5,604	128	1,098	1,375	1,231
Net grants	27,700	16,063	11,057	1,985	4,508	1,078	1,202	1,114	1,043	4,605	885	1,216	1,193	1,238
Net credits	9,912	9,918	806	50	1,124	55	47	19	8	309	140	182	182	~107
Grants utilized	30,247	18,524	11,423	2,021	4,645	1,114	1,237	1,145	1,095	4,756	885	1,291	1,215	1,245
Land-lease	1,822	1,092												
Mutual security														
Economic and technical assistance	12,711	7,004	4,707	1,389	3,668	647	800	622	708	1,890	382	565	531	362
Military aid ²	4,087	63	4,524	402	1,454	206	414	430	335	2,288	457	651	650	981
Civilian supplies	3,540	4,045	776	257	358	90	198	81	18	124	44	43	41	25
UNRRA, post-UNRRA, and interim aid	3,443	3,443												
Philippine rehabilitation	534	619	115	100	12	4	4	2	1	4	1	1	2	(5)
Greek-Turkish aid	930	930	23	15	9	3	3	3	1	(5)	(5)	(5)		
Chinese stabilization and military aid	243	238	5	2	3	(5)	2	(5)	(5)	10	1	1	1	7
Other	697	458	171	50	105	64	26	6	7	10	1	1	1	
Reverse grants and returns on grants	1,230	874	354	65	140	39	35	33	34	151	27	75	22	27
Reverse land-lease	133	133												
Return of land-lease ships	370	257	89		26	10			33	66	2	28	(5)	
War-account cash settlements	120	120												
Counterpart funds:														
Economic and technical assistance	561	333	258	63	110	27	38	30	30	55	22	17	20	26
Military aid	10	1	15	2	6	1	2	2	1	6	2	(5)	2	1
Credits utilized	12,044	10,591	1,452	291	438	122	96	104	199	823	203	245	309	65
British loan	3,750	3,750												
Export-Import Bank (for own account)	3,416	3,416	768	81	304	78	65	30	25	478	70	100	244	49
Direct loans	3,237	2,458	789	84	223	83	81	30	25	463	80	100	247	49
Loans through agent banks	127	133	163	16	16	16	16	(5)	(5)	16	16	(5)	(5)	(5)
Surplus property (including merchant ships)	1,487	1,484	5	(5)	2	(5)	1		1					
Credit-agreement offsets to grants	1,286	1,250												
Land-lease (including settlement credits)	71	80	9	(5)						2	2			
Mutual security (including loans to Spain and India)	1,008	960	617	78	309	38	25	70	75	231	121	134	63	14
Other	458	380	67	42	13	4	4	4	5	12	2	4	4	2
Principal collected on credits	2,191	1,364	587	182	312	64	49	64	114	423	63	62	125	172
British loan	94		90		44				44	45				45
Export-Import Bank (for own account)	1,125	939	493	88	134	31	10	33	51	271	44	29	60	50
Direct loans	928	483	470	74	126	30	18	22	50	267	45	35	66	50
Loans through agent banks	172	149	33	14	8	1	2	1	2	4	1	2	(5)	1
Surplus property (including merchant ships)	270	188	183	35	55	23	13	11	12	71	13	15	28	15
Credit-agreement offsets to grants	62	22	40	1	31	1	1	12	7	18	(5)	(5)	11	7
Land-lease (including settlement credits)	40	31	19	6	7	1	(5)	5	(5)	6	1	(5)	(5)	5
Other ³	900	507	93	23	49	10	16	23		12	2	7	1	(5)

1. Foreign aid is defined to comprise two categories—grants and credits. Grants are largely outright gifts for which no payment is expected, or which at most involve an obligation on the part of the recipient to extend aid to the United States or other countries to achieve a common objective. Credits are loans or other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Because such credits cannot, as a rule, be deducted from specific grants recorded in previous periods, they are included in both grants (at the earlier period) and credits (at the time of the agreement), and the amounts of such credit-agreement offsets to grants are deducted from the total grants and credits in arriving at gross foreign aid. All known returns to the United States Government stemming from grants and credits are taken into account in net foreign aid. Gross foreign aid less the returns is net foreign aid, which is shown as net grants and net credits. The measure of foreign aid generally is in terms of goods delivered or shipped by the United States Government, services rendered by the United States Government, or cash disbursed by the United States Government to or for the account of a foreign government or other foreign entity. The Government's capital investments in the International Bank (\$335 million) and International Monetary Fund (\$2,750 million) are not included in gross foreign aid although they constitute an additional measure taken by the Government to promote foreign economic recovery. Payments to these international financial institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the management of the two institutions, subject to certain restraints which can be exercised by the United States Government.

Further definition and explanation of these data are contained in the *Foreign Aid* supplement to the *SURVEY OF CURRENT BUSINESS*, published November 1952.

2. Includes contributions to mutual-security construction program of the North Atlantic Treaty Organization.

3. Less than \$500,000.

4. Negative entry of less than \$500,000 results from refunds of cash aid.

5. Negative entry results from excess of EIB repayments from agent banks over agent-bank disbursements.

6. Includes less than \$1 million collections on mutual-security program credits.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1948, Through Dec. 31, 1952
(In millions of dollars)

Major country	Total postwar period	Before Korean invasion	After Korean invasion											
			Total	July-December 1950	1951				1952					
					Total	January- March	April- June	July- September	October- December	Total	January- March	April- June	July- September	October- December
Gross foreign aid (grants and credits) ..	41,024	28,189	12,875	2,223	6,074	1,236	1,353	1,250	1,205	5,678	1,098	1,627	1,523	1,438
Less: Returns ..	3,422	2,178	1,243	217	432	83	84	117	145	574	99	337	148	189
Equals: Net foreign aid ..	37,602	26,011	11,631	2,006	4,622	1,153	1,269	1,133	1,060	5,104	999	1,400	1,375	1,249
Western Europe and dependent areas:														
Gross foreign aid ..	30,138	20,500	9,628	1,072	3,710	811	1,040	843	805	4,247	784	1,144	1,156	1,144
Less: Returns ..	2,213	1,104	1,019	174	303	87	83	95	110	481	71	107	121	172
Equals: Net foreign aid ..	27,925	19,396	8,609	1,497	3,407	724	957	748	695	3,766	713	1,037	1,035	972
Austria:														
Gross foreign aid ..	1,013	722	291	35	101	25	63	27	45	94	24	31	10	10
Less: Returns ..	58	35	32	5	14	3	5	3	2	13	4	3	3	3
Equals: Net foreign aid ..	955	687	259	30	147	22	58	24	43	81	20	28	7	7
Belgium-Luxembourg:														
Gross foreign aid ..	801	434	172	38	55	27	10	10	2	28	5	11	6	6
Less: Returns ..	68	34	34	5	13	4	2	0	2	14	4	3	0	1
Equals: Net foreign aid ..	733	400	138	33	42	23	8	10	0	14	1	8	6	5
British Commonwealth: United Kingdom:														
Gross foreign aid ..	7,441	6,445	907	268	230	94	54	38	50	493	24	204	188	197
Less: Returns ..	853	453	231	42	107	14	15	24	43	31	3	9	9	31
Equals: Net foreign aid ..	6,588	6,000	786	226	123	80	39	14	7	462	21	195	179	166
Denmark:														
Gross foreign aid ..	201	103	90	28	52	17	16	12	17	10	4	0	4	2
Less: Returns ..	10	8	8	2	4	1	1	1	2	3	1	1	1	1
Equals: Net foreign aid ..	191	95	82	26	48	16	15	11	15	7	3	-1	3	1
Finland:														
Gross foreign aid ..	128	128	(?)	(?)	3	1	1	1	1	4	(?)	1	1	1
Less: Returns ..	47	27	20	4	3	1	1	1	1	3	(?)	1	1	1
Equals: Net foreign aid ..	81	101	-10	-4	-3	0	0	0	0	1	0	0	0	0
France:														
Gross foreign aid ..	5,070	3,877	1,102	221	475	111	139	117	109	490	122	120	212	31
Less: Returns ..	429	106	272	23	57	25	7	25	8	181	32	47	65	48
Equals: Net foreign aid ..	4,641	3,771	830	198	418	86	132	92	101	309	90	73	147	-17
Germany:														
Gross foreign aid ..	3,861	3,139	762	212	366	127	129	97	23	185	63	28	22	22
Less: Returns ..	173	87	91	11	29	10	9	7	4	51	1	0	22	23
Equals: Net foreign aid ..	3,718	3,052	671	201	337	117	120	90	19	134	62	28	0	-1
Greece:														
Gross foreign aid ..	1,587	1,173	414	54	210	37	49	65	55	139	42	26	45	10
Less: Returns ..	58	32	34	3	16	4	4	5	3	20	0	16	4	4
Equals: Net foreign aid ..	1,502	1,141	380	51	194	33	45	60	52	119	42	10	41	6
Iceland:														
Gross foreign aid ..	28	10	17	2	9	1	4	4	1	6	1	2	1	1
Less: Returns ..	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid ..	27	10	17	2	9	1	4	4	1	6	1	2	1	1
Ireland:														
Gross foreign aid ..	147	69	48	23	25	10	6	4	2	20	0	0	0	0
Less: Returns ..	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid ..	146	69	47	23	24	10	6	4	2	20	0	0	0	0
Italy:														
Gross foreign aid ..	2,647	2,024	623	113	300	33	101	82	33	210	41	61	62	48
Less: Returns ..	169	76	90	18	42	15	7	15	6	36	18	5	15	6
Equals: Net foreign aid ..	2,478	1,948	533	95	258	18	94	67	27	174	23	56	47	42
Netherlands:														
Gross foreign aid ..	1,213	900	310	90	160	60	43	20	28	86	21	20	30	7
Less: Returns ..	165	00	135	45	48	2	6	3	45	44	2	17	5	20
Equals: Net foreign aid ..	1,048	897	175	45	112	58	37	17	17	42	19	3	25	-13
Norway:														
Gross foreign aid ..	328	215	114	33	40	16	11	11	11	32	11	5	10	5
Less: Returns ..	48	23	25	7	9	4	3	1	1	8	1	2	1	4
Equals: Net foreign aid ..	281	192	89	26	31	12	8	10	10	24	10	3	9	1
Portugal:														
Gross foreign aid ..	47	5	42	13	20	9	6	2	4	8	3	3	2	1
Less: Returns ..	2	0	2	0	1	0	0	0	0	1	0	0	0	0
Equals: Net foreign aid ..	45	5	40	13	19	9	6	2	4	7	3	3	2	1
Spain:														
Gross and net foreign aid ..	41	0	41	0	17	0	0	15	2	24	3	2	12	6
Sweden:														
Gross foreign aid ..	113	68	42	10	27	10	9	7	1	44	0	0	0	0
Less: Returns ..	3	1	2	1	0	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid ..	110	67	40	9	27	10	9	7	1	44	0	0	0	0
Trinidad:														
Gross foreign aid ..	46	35	11	2	8	2	8	2	0	18	0	0	0	0
Less: Returns ..	3	1	1	0	1	0	0	0	0	0	0	0	0	0
Equals: Net foreign aid ..	43	34	10	2	7	2	8	2	0	18	0	0	0	0
Turkey:														
Gross foreign aid ..	288	240	166	27	49	11	12	20	22	65	12	54	11	11
Less: Returns ..	33	17	20	3	7	2	1	1	3	9	3	3	3	3
Equals: Net foreign aid ..	255	223	146	24	42	9	11	19	19	56	9	51	8	8
Yugoslavia:														
Gross foreign aid ..	625	311	310	21	108	33	28	21	27	83	26	23	14	20
Less: Returns ..	8	0	8	0	3	0	1	1	1	5	3	1	1	1
Equals: Net foreign aid ..	618	311	302	21	105	33	27	20	26	78	23	22	13	19

See footnotes at end of table.

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1945, Through Dec. 31, 1952—Continued
(Millions of dollars)

Major country ¹	Total postwar period	Before Korean invasion	After Korean invasion											
			Total	July-December 1950	1951					1952				
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Other and unspecified Western Europe: ^{1,2}														
Gross aid and net foreign aid.....	4,339	274	4,064	401	1,248	269	368	300	271	2,316	381	507	515	843
Other Europe:														
Gross foreign aid.....	1,180	1,100												
Less: Returns.....	72	53	19	(5)	15	(5)	1		13	4	1	1	3	1
Equals: Net foreign aid.....	1,088	1,047	-19	(5)	-15	(5)	-1		-13	-4	-1	-1	-3	-1
Near East and Africa: ³														
Gross foreign aid.....	448	180	818	37	94	17	19	16	43	187	37	75	41	36
Less: Returns.....	122	186	10	2	3	(3)	1	(4)	1	13	3	1	3	0
Equals: Net foreign aid.....	290	-6	808	35	91	17	17	16	41	174	34	74	38	36
Iran:														
Gross foreign aid.....	43	24	28	(4)	4	(4)	3	1	2	14	1	8	3	2
Less: Returns.....	16	10	4	(4)	(4)	(4)			(4)	4				4
Equals: Net foreign aid.....	27	14	24	(4)	4	(4)	3	1	2	10	1	8	3	-2
Israel:														
Gross foreign aid.....	218	22	180	18	67	8	13	10	27	113	22	47	33	11
Less: Returns.....	4		4							4	2	(4)	3	
Equals: Net foreign aid.....	214	22	182	18	67	8	13	10	27	109	20	44	30	11
Other and unspecified Near East and Africa: ⁴														
Gross foreign aid.....	188	74	134	21	38	0	6	5	14	61	14	20	6	21
Less: Returns.....	134	126	8	2	3	(3)	1	(2)	1	3	(3)	1	1	2
Equals: Net foreign aid.....	54	-52	106	19	35	9	4	3	13	58	13	19	5	19
Asia and Pacific:														
Gross foreign aid.....	7,100	4,670	2,220	400	642	120	241	236	284	878	188	232	200	198
Less: Returns.....	538	484	53	0	23	5	8	6	4	23	6	12	4	2
Equals: Net foreign aid.....	6,561	4,186	2,167	394	623	115	233	230	280	855	182	220	196	196
China—Taiwan (Formosa):														
Gross foreign aid.....	1,910	1,733	103	12	72	14	13	16	22	70	24	19	20	16
Less: Returns.....	128	113	15	4	8	2	2	(4)	1	3	(3)	1	(4)	(4)
Equals: Net foreign aid.....	1,784	1,620	88	8	64	12	11	14	21	67	21	18	16	12
India:														
Gross foreign aid.....	250	46	206	1	110	2	1	43	64	94	46	26	25	3
Less: Returns.....	33	31	2		2			2						
Equals: Net foreign aid.....	217	14	202	1	108	2	1	41	64	94	46	26	25	3
Indochina:														
Gross foreign aid.....	87	(4)	37	1	14	1	2	4	7	22	4	8	6	4
Less: Returns.....	3		3		1	(1)	(1)	1	(1)	1	(1)	(1)	(1)	(1)
Equals: Net foreign aid.....	85	(4)	35	1	13	1	2	3	6	21	3	7	5	3
Indonesia:														
Gross foreign aid.....	208	108	39	1	3	(3)	(3)	(3)	3	36	8	14	11	2
Less: Returns.....	0	4	4		3	(3)	(3)	1	1	2	(2)		1	(1)
Equals: Net foreign aid.....	198	104	34	(1)	1	(3)	(3)	-2	2	34	6	14	10	1
Japan and Ryukyu Islands:														
Gross foreign aid.....	2,414	1,826	478	131	285	70	128	60	37	63	5	40	9	2
Less: Returns.....	218	288	7	1	3	2	(3)		(3)	4	(4)	3	(4)	(4)
Equals: Net foreign aid.....	2,121	1,538	471	130	282	68	125	60	34	59	1	37	5	2
Korea:														
Gross foreign aid.....	717	386	330	64	119	10	23	35	44	148	51	33	29	26
Less: Returns.....	13	12	(1)		(1)	(1)								
Equals: Net foreign aid.....	704	374	331	64	118	9	23	35	44	148	51	33	29	26
Philippines:														
Gross foreign aid.....	867	634	173	126	17	4	4	3	6	21	8	7	7	4
Less: Returns.....	30	14	16	(4)	4	(4)	4	(4)	(4)	11	4	7	(4)	(4)
Equals: Net foreign aid.....	779	620	157	122	13	4	2	2	5	10	-1	(4)	3	4
Other and unspecified Asia and Pacific: ⁵														
Gross foreign aid.....	889	44	794	58	320	71	66	60	111	418	59	60	143	143
Less: Returns.....	31	23	7	1	8	(8)	1	1	1	4	1	1	1	1
Equals: Net foreign aid.....	858	21	787	57	312	63	65	59	110	414	58	59	142	142
American Republics:														
Gross foreign aid.....	941	515	427	42	290	59	40	47	52	170	58	42	58	21
Less: Returns.....	305	172	133	34	47	10	11	15	11	62	10	16	8	18
Equals: Net foreign aid.....	637	343	294	8	243	49	29	32	41	108	48	26	50	3
Canada:														
Gross foreign aid.....	180	142	38	1	1	(1)	(1)		1	0		4	3	1
Less: Returns.....	143	141	2	(1)	(1)	(1)	(1)	(1)		(1)	(1)	1	(1)	
Equals: Net foreign aid.....	37	1	36	(1)	(1)	(1)	(1)		1	(1)	(1)	3	2	1
Unspecified: ⁶														
Gross foreign aid.....	1,017	744	273	72	121	66	20	16	18	31	28	20	14	23
Less: Returns.....	2		2		1					2			1	
Equals: Net foreign aid.....	1,015	744	271	72	120	66	20	16	18	29	28	20	13	23

1. For security reasons data by country do not include the military aid furnished under the mutual-security program. However, such aid is included in the appropriate area totals as a component part of "Other and unspecified" items. Gross aid shown for individual countries for the period after the Korean invasion represents economic aid only. The aid shown in the table includes credits which have been extended to private entities in the country specified; the net foreign aid shown for Canada, for example, represents credits extended to private entities in Canada.

2. See footnote 1 to table 1.

3. Less than \$500,000.

4. Negative entry of less than \$500,000.

5. Negative entry results from refunds of cash aid.

6. Includes aid furnished through international organizations.

7. Military aid under the Mutual Security Act, title II (Near East and Africa), is primarily for Greece and Turkey and is included with "Other and unspecified Western Europe."

Source: U. S. Department of Commerce, Office of Business Economics.

renewed flow of aid to forestall a considerable reduction in the United Kingdom defense program. Thus, the United Kingdom received a large allocation of defense-support aid in February 1952, and was second only to France in the economic aid utilized last year.

As a result of the efforts of the sterling-area countries, buttressed by United States aid, the United Kingdom was able to halt the reserve drain. By the end of 1952, it raised its gold and dollar holdings a quarter billion dollars above the low point reached in April. After selling \$520 million of gold to the United States in the first quarter, the United Kingdom repurchased \$80 million in the final quarter of last year.

Loan to France

Although gross economic aid to France and its dependent areas was larger than that to the United Kingdom, on a net basis economic aid to France was considerably less. The French situation is extraordinary, because of special developments in offshore procurement of military aid.

Offshore procurement as part of the mutual-security military-aid program refers to those military supplies and equipment which are produced abroad, paid for abroad by the United States, and then transferred by the United States Government to recipient governments as military aid. In the course of providing materiel for NATO forces as direct military aid, offshore procurement results in economic gains for the countries involved, as it expands productive capacity for military equipment and assists the European countries by increasing their dollar earnings.

Generally, there is a long lead-time in military production, and payments for offshore procurement are not ordinarily made until deliveries take place. Thus, considerable time could elapse before dollars would accrue to France for the contracts let. Since the French dollar stringency was immediate and serious, an Export-Import Bank loan was arranged.

Gross aid to France included disbursements of \$154 million on the Export-Import Bank loan authorized in June. This loan was limited to the dollar amounts of certain contracts placed by the Defense Department in France; by the end of the year repayments of the loan totaling \$49 million were made on French account by the Defense Department based on deliveries certified by the French Government.

Offshore procurement large

More than \$750 million in contracts for offshore procurement of military aid were let in Europe in 1952. Almost half, or \$345 million, of these contracts were in France. Large contracts were also placed in Italy (\$184 million) and the United Kingdom (\$146 million). During the year, the Defense Department disbursed approximately \$80 million on these contracts; about \$65 million of this was expended in France (including the \$49 million repaid to the Export-Import Bank).

Most Asia and Pacific aid rises

Cessation of grant aid to Japan after 1951 more than accounted for the decline in total aid to the Asia and Pacific area in 1952. Following the start of the Korean conflict, Japan became a staging area for United Nations operations. With increased Japanese dollar earnings from the large United Nations operations there, it became possible to stop the Army civilian-supply grant program in 1952; such aid had totaled \$247 million in 1951. Japan did utilize a loan

of \$40 million from the Export-Import Bank for the purchase of cotton in 1952.

Military aid to the Asia and Pacific area rose by one-third in 1952, aggregating nearly \$400 million for the entire year. The cost of United States military operations in support of the United Nations effort in Korea is not included in the foreign-aid data tabulated here.

Nonmilitary assistance to Asia and Pacific countries other than Japan increased one-tenth in 1952. Of the total of \$447 million in the year, one-third represented civilian-supply grants to Korea. Shipments and disbursements against the wheat loan for India totaled \$84 million. In the last half of the year India received the first major economic and technical assistance grants under the cooperative mutual-security program. Disbursements of \$6½ million were made in the last quarter against the emergency wheat loan to Pakistan announced in September. Economic and technical assistance to Taiwan increased slightly from the preceding year, totaling \$79 million.

Near East assistance

Economic aid to the Near East and Africa area doubled in the last calendar year, aggregating \$184 million. Israel was the recipient of almost two-thirds of the total aid to the area in both 1951 and 1952. Three-fourths of the aid to Israel in 1951 and one-fourth in 1952 represented disburse-

Table 3.—Mutual-Security Program Reimbursable Military Transfers

(Millions of dollars)

Area	Net cash deposits through Dec. 31, 1952	Shipments and services furnished			Balance with U. S. Government Dec. 31, 1952
		1950	1951	1952	
Total.....	244	1	72	129	166
Western Hemisphere.....	244	1	66	67	119
Western Europe.....	22	(1)	1	3	17
Other areas.....	47	(1)	4	19	24

L. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics.

ments on the Export-Import Bank loan to that country. Since the last quarter of 1951 Israel has received economic assistance under the mutual-security program. Such grants for relief and resettlement and for general economic development totaled \$82 million in 1952.

The United States Government also contributed through the United Nations Relief and Works Agency for Palestine Refugees to provide food, shelter, and medical attention for the Arab refugees who fled Palestine. Both in 1951 and in 1952 these grants exceeded \$20 million.

The other major beneficiary in the Near East and Africa was Iran, where 1952 technical assistance was nearly 14 million.

Loans to American Republics decline

The decline in foreign aid to the American Republics in 1952 was a consequence of a 22-percent decrease in drawings on loans of the Export-Import Bank to the area, principally to Argentina. That country, which had received \$92 million in 1951, drew only \$5 million last year. Mexico, on the other hand, increased its credit utilization from \$3 million to \$40 million. Over half of these loans were for the rehabilitation of the Mexican National Railways. Loans to the other American Republics increased to aggregate \$55 million in 1952.

During 1952 technical-assistance grants were continued to these countries by the Institute of Inter-American Affairs as part of the mutual-security program. Such grants amounted to \$16 million in 1952, almost double the sum in the preceding year. Foreign aid to Mexico in the cooperative program for the eradication of the foot-and-mouth disease in that country constituted an additional technical-assistance grant of \$3 million in 1952.

The American Republics also received first shipments of mutual-security-program military aid procured from United States Government appropriated funds in the last year. In addition the grant assistance shown in tables 1 and 2 includes the difference between the original acquisition cost of certain United States Government military equipment (particularly vessels) transferred to these countries and the amounts paid by the foreign country under the reimbursable-assistance authority of the Mutual Defense Assistance Act of 1949.¹ A moderate decline in military aid to the American Republics occurred in 1952, the total grant amounting to \$59 million.

Military equipment sold

As part of the mutual-security program, the United States sells military equipment to its allies which are able to pay for their own rearmament. On a reimbursable basis the United States transfers from its military stocks and procures goods for its allies to use in their rearmament. These sales are not part of the foreign-aid totals in tables 1 and 2.

1. Excess military equipment transferred as grants under the mutual-security program authorizations is stated in all compilations at original acquisition value, for which the Congress periodically establishes transfer limitations. When identical or similar items are sold to foreign countries, the same method of valuation is used in accounting for the transfer, credit being given for the cash deposit of the foreign government and the difference being incorporated into tables 1 and 2 as grant aid.

As of the end of 1952, the United States Government had received net deposits of \$354 million for supplies and services, principally from Western Hemisphere nations. In addition \$209 million more was on order under contracts, to be paid for by the purchasing foreign governments before the materiel and services are furnished by the United States Government.

Deliveries have totaled \$193 million against the deposits, and, as shown in table 3, increased markedly last year.

Nonaid expenditures abroad

The expansion of United States foreign operations since the Communist invasion of Korea has led to increased dollar payments abroad by the Government for goods and services. This has been a contributing factor in the decreased necessity for economic aid abroad.

Net foreign dollar disbursements by the United States Government for goods and services have more than tripled since the start of the Korean conflict, as follows:

	<i>Millions of dollars</i>
July-December 1950.....	400
January-June 1951.....	650
July-December 1951.....	900
January-June 1952.....	1,200
July-December 1952 (estimated).....	1,250

Approximately one-third of the \$2½-billion net expenditure by the United States Government abroad in 1952 was disbursed in Western Europe. Japan, as noted above, has received a substantial share of the post-Korean invasion increase.

1953 Investment Programs Increased

(Continued from page 6)

a 5-percent increase in outlays planned by nondurable-goods producers, and a decline of the same magnitude in planned expenditures by the durable-goods industries.

Within the latter group, most of the decline is expected in primary iron and steel, nonferrous metals and nonautomotive transportation equipment. Machinery (both electrical and nonelectrical) are planning substantial increases in investment, while most other major durable-goods industries expect little change in outlays from 1952 rates.

Among nondurable-goods producers, larger-than-average increases in plant and equipment expenditures are scheduled by petroleum, chemicals, paper and beverage companies. Food and rubber companies expect to maintain last year's rates of fixed investment.

Except for the planned outback in capital expenditures by the railroads, all major nonmanufacturing groups are contemplating maintenance or expansion of their 1952 rates of investment during 1953.

Nonmanufacturers' programs generally higher

The 14 percent expected rise from 1952 in spending by the public utilities reflects a planned 15-percent increase by electric power companies, and an 11-percent rise in schedules of gas companies. In mining, substantially higher anticipated outlays by oil and gas extraction companies are supplemented by more moderate increases in other major mining industries.